

DEPARTMENT OF THE ARMY
Omaha District, Corps of Engineers
215 No. 17th Street
Omaha, Nebraska 68102-4978

DM 1180-1-2

CEMRO-CD

Memorandum
No. 1180-1-2

15 January 1990

Contracts
PERFORMANCE EVALUATION OF CONTRACTORS

1. Purpose. This memorandum establishes detailed procedures for preparing performance evaluation reports for contractors on civil and military construction contracts.
2. Applicability. Omaha District and Field Offices.
3. References.
 - a. FAR 36.201.
 - b. EFAR 36.201
 - c. Omaha District "Construction Management Manual", Section 4, Par 4-33.
4. Preparation of Performance Evaluation Reports.
 - a. Performance Evaluation - Construction Contracts (SF 1420) are prime sources of data and will be one of the documents used in the preaward survey process to provide information on a contractor's past performance. As such, it is imperative that these reports be prepared in a timely manner and reflect an accurate, current picture of the contractor's overall level of performance.
 - b. A performance evaluation report shall be prepared for each construction contract meeting the following criteria:
 - (1) \$500,000 or more;
 - (2) \$100,000 or more, if any element of performance was either unsatisfactory or outstanding;
 - (3) \$10,000 or more, if the contract was terminated for default;or
 - (4) \$100,000 or more, if the contract was terminated for the convenience of the Government.
 - c. Performance evaluations will also be prepared for the following situations:
 - (1) Where a subcontractor is known to exert significant influence on a project or controls job progress through special agreement with the prime contractor, a performance evaluation will be prepared on the subcontractor in addition to that prepared on the prime contractor.

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(2) In the case of incomplete (partially executed) contracts where a contractor's performance has been generally unsatisfactory during a period of 3 months, an interim unsatisfactory performance evaluation will be submitted. However, if deemed necessary, an interim unsatisfactory evaluation will be submitted at any time during the construction duration when the contractor's performance for any element is unsatisfactory.

d. The following instructions shall be adhered to when completing SF 1420:

(1) SF 1420 will be prepared using CCASS, see paragraph 10 of this DM.

(2) The original evaluation report will be prepared at field level and forwarded to Construction Division with a "FOR OFFICIAL USE ONLY" cover (DA Label 87) within 30 days after substantial completion or final inspection of construction. (It is understood that construction deficiencies, modifications, final payment estimate, and other final paper work may not be complete at this time). This report will be supplemented or amended as necessary through financial closure and warranty period of the project to reflect changes in the evaluation of performance elements caused by resolution of contractor claims or compliance with warranty requirements.

(3) The contractor's Dun and Bradstreet universal number (DUN's number) must be included. The DUN's number is usually found in Item 14 of the contract face page, SF 1442. If it is not available in the contract, it may be obtained by using the DUNSNET System. For information on accessing DUNSNET, contact CEMRO-CD-QC, (402) 221-4229.

(4) Provide the name and telephone number of the individual that is most knowledgeable of the rated contractor's performance. This information may be entered in the upper right hand corner of Item 5. This enables CCASS users to contact the person having first hand experience with the contractor's performance.

(5) The amounts in Items 6a, 6b, and 6c will be completed and show the current figures at the time of evaluation preparation. The amounts in Items 6a, 6b, and 6c should total the amount in Item 6d except when other monetary adjustments (retainages, underruns, overruns, etc.) are made to the net amount paid to the contractor. These monetary adjustments should be listed in Item 5.

(6) The "Date Work Accepted", Item 7d, should be no later than the date in Items 7b or 7c, unless liquidated damages were assessed.

(7) Item 8, "Type and Extent of Subcontractor", should be summarized and limited to no more than 12 entries, including a percentage reflecting total subcontract amount.

5. Documentation. Proper documentation to support the performance should be collected and evaluated throughout the execution of the contract. If properly done, this effort will aid in monitoring contractor performance during the course of the contract and will provide a focal point for encouraging improvement in the contractor's performance where it falls below satisfactory levels.

a. At the preconstruction conference, the Area Engineer will assure that the contractor is notified of the performance elements (see SF 1420) against which his/her performance will be evaluated. This notification will be documented in the contract file.

b. Written notification will be given the contractor whenever his/her performance is unsatisfactory on one or more performance elements. This notification will provide sufficient detail to enable the contractor to fully understand the basis on which his/her performance has failed to satisfactorily meet the performance element. Prompt response will be made to all contractor comments.

6. Determination of Evaluation. Each element shown on the performance evaluation will be rated by an entry under each appropriate heading and will be used as the basis for arriving at the overall evaluation. There are no rigid guidelines governing the number of elements on a performance evaluation which must be in a particular rating category (outstanding, satisfactory, unsatisfactory) before an overall evaluation is issued. Generally, the overall evaluation will be an average of those developed for the rating categories. However, if specific factors are especially significant, the overall evaluation should reflect this condition. Unsatisfactory performance on one or more of the five elements to be rated may be sufficient to justify an overall unsatisfactory evaluation. For each element rated Outstanding or Unsatisfactory in Item 9, an explanation of the evaluation under Items 13 and/or 14 is required even though the overall evaluation may be satisfactory.

7. Overall Outstanding Evaluation. A statement is required on each outstanding element rated in Item 9 and will contain factual data supporting this consideration. These statements will be entered in Item 13, SF 1420. This data must be in sufficient detail to assist the Contracting Officer in selecting contractors who have demonstrated reliability and outstanding quality of work for awards.

8. Interim and Final Unsatisfactory Evaluations.

a. Under normal circumstances, when a contractor's performance is unsatisfactory for a period of 3 months, an interim evaluation will be initiated. However, if there is a critical period of time where the contractor must perform satisfactorily and does not, or if the project is of short duration, an unsatisfactory rating may be issued for poor performance that occurs in less than the normal 3-month evaluation period. The interim unsatisfactory evaluation will be prepared in a manner similar to that of a final unsatisfactory evaluation.

b. The Area Engineer must be on the alert for indications of unsatisfactory performance. When unsatisfactory performance is noted, the contractor will be called into conference to discuss problem areas and their resolution. A Memorandum for Record (MFR) will be prepared on this conference. The contractor will be advised that performance must improve within 30 days. During this period, the Area Engineer will closely monitor problem areas. If no material improvement is noted, a letter will be sent to the contractor as notification of intent to issue an interim unsatisfactory performance evaluation. The letter will address the previous conference and identify the facts on which the interim unsatisfactory evaluation is based. A copy of this correspondence will be forwarded to the contractor's bonding company. The Area Engineer will ensure that the Contracting Officer is personally aware of the status of the contract at this time.

c. The contractor will be permitted at least 14 days to respond in writing. At the end of the specified time period, if there is no response or evidence of improved performance, the interim unsatisfactory evaluation will be prepared for processing. Once again, the contractor and the contractor's bonding company will be notified of actions taken. If the contractor responds within the allotted time frame, all written comments will be included in the SF 1420 report. All alleged mistakes of fact shall be resolved and made a part of the report. The report will include appropriate comments of the Area Engineer on the views expressed by the contractor. When submitting the SF 1420, a cover letter may be used to furnish any further relevant information which will assist the Contracting Officer in concurring with the evaluation.

d. After the issuance of an interim unsatisfactory evaluation, the Area Engineer shall continue to document and to re-evaluate the contractor's performance. Documentation used in the re-evaluation process will address all new instances of unsatisfactory performance as well as efforts made by the contractor to improve performance deficiencies. Documents may be in the form of memoranda of meetings, "cure" letters to the contractors, quality assurance reports, test reports, diaries, photographs, etc. The Area Engineer will re-evaluate the interim unsatisfactory evaluation every 3 months until the contract is complete.

e. Final unsatisfactory evaluations are processed in the same manner as described above with the exception of the 30-day period for noting improvement.

f. All evaluations entered into the CCASS are available to DOD agencies for conducting pre-award surveys. Therefore, evaluators must submit factual and realistic evaluations. Comments should show evidence that the contractor exhibited lack of integrity, perseverance, or tenacity in accomplishing his/her contract.

9. Signing Forms.

a. Satisfactory Evaluations. Resident Engineers or Project Engineers will prepare and sign all overall satisfactory evaluations in Item 11, "Evaluation By". The Area Engineer or another designated representative of the Contracting Officer will sign in Item 12, "Evaluation Reviewed By".

b. Overall Outstanding and Unsatisfactory (Interim and Final) Evaluations. The evaluation form will be prepared by the Resident or Area Engineer as the evaluating official and he/she will sign Item 11, "Evaluated By". The Contracting Officer reviews and signs in person all Outstanding and Unsatisfactory ratings in Item 12, "Evaluation Reviewed By".

10. Construction Contractor Appraisal Support System (CCASS).

a. The CCASS is a computerized system to store and retrieve SF 1420's, "Performance Evaluation - Construction Contract". This system has been developed and is being managed by North Pacific Division (CENPD-CT). Preparation and distribution of these reports using the CCASS is required.

b. There are two components to CCASS:

(1) Microcomputer Software. This software can be used for the following:

(a) Generating a computer file containing the SF 1420.

(b) Printing a hardcopy of the SF 1420.

(c) Transferring the computer file containing the SF 1420 to a floppy disk.

(2) Centralized Database. This database, on CENPD-CT's mainframe computer, stores the submitted SF 1420's and permits their retrieval.

c. The CCASS microcomputer software, and instructions for its installation and use, as well as instructions for uploading files to CENPD-CT's mainframe computer are available from CEMRO-CD-QC.

d. Field offices using CCASS will do the following:

(1) Enter the appropriate data for all evaluations, as specified in Paragraphs 5 through 9 of this DM, and generate the computerized SF 1420.

(2) For Satisfactory Ratings.

(a) Print a hardcopy of the SF 1420 and send the signed original and two (2) copies to CEMRO-CD-QC.

(b) After the evaluation is signed by the Reviewing Official (Item 12), upload the file to CENPD-CT's mainframe.

(3) For Interim Unsatisfactory, Final Unsatisfactory or Outstanding Ratings.

(a) Print a hardcopy of the SF 1420. Be sure to fill in Items 12.A. and 12.B.

(b) After the evaluation is signed by the Evaluating Official (Item 11), send the original and the computer file (floppy disk or via the Ontyme System) to CEMRO-CD-QC.

(c) After the evaluation is signed by the reviewing official (Item 12), CEMRO-CD-QC will upload the evaluations to CENPD-CT within 10 days of being signed. CEMRO-CD-QC will make distribution as specified in paragraph 12.b.

11. Classification. All evaluations will be considered as a type of information which is restricted in nature and which is to be made available on a "need to know" basis. The protective marking "FOR OFFICIAL USE ONLY" (FOUO) will apply and DA Label 87 will be used.

12. Distribution of Performance Reports.

a. Satisfactory Evaluations. The original and two copies of the report will be submitted to Construction Division. Construction Division will make distribution as follows:

(1) Contracting Division - original and one copy.

(2) CEMRO-CD-QC - one copy.

b. Interim Unsatisfactory, Final Unsatisfactory and Outstanding Evaluations. Upon receipt of the original report, Construction Division will obtain the Contracting Officer's signature (Item 12, "Evaluation Reviewed By"). Construction Division will then reproduce the report and make distribution as follows:

(1) Contracting Division - original and one copy.

(2) MRD (CEMRD-CO-C) - one copy.

(3) Field Office - two copies (for files and distribution to contractor).


(4) Small Business Administration [8(a) Set-a-side projects] - one copy.

c. A copy of all completed SF 1420's should be formally transmitted to the contractor by the Area/Project Engineer. This action is especially important for contractors who are performing in an unsatisfactory manner.

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Unsatisfactory contractors should be given a copy of the performance appraisal as soon as it has been processed and signed by the Contracting Officer. The fact that the form is classified "FOUO" does not preclude sending the contractor a copy, since the contractor clearly qualifies as a party with a "need to know".

FOR THE COMMANDER:


JOHN L. WHISLER, Jr.
MAJ, Corps of Engineers
Deputy Commander

DISTRIBUTION:

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